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# Government Regulation in A Changing Marketplace

EXECUTIVE OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION Four Year Review 1983-1987



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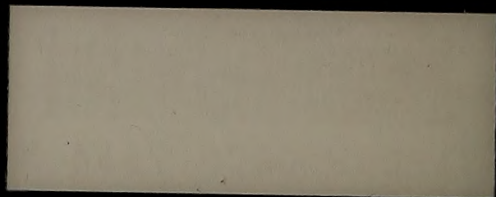
A Four Year Review  
of Legislative, Regulatory,  
Consumer Assistance,  
and Administrative accomplishments of  
the Executive Office of  
Consumer Affairs and Business Regulation  
and its agencies.



Commonwealth of Massachusetts

Michael S. Dukakis, Governor

Paula W. Gold, Secretary



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EXECUTIVE OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION Four Year Review 1983-1987

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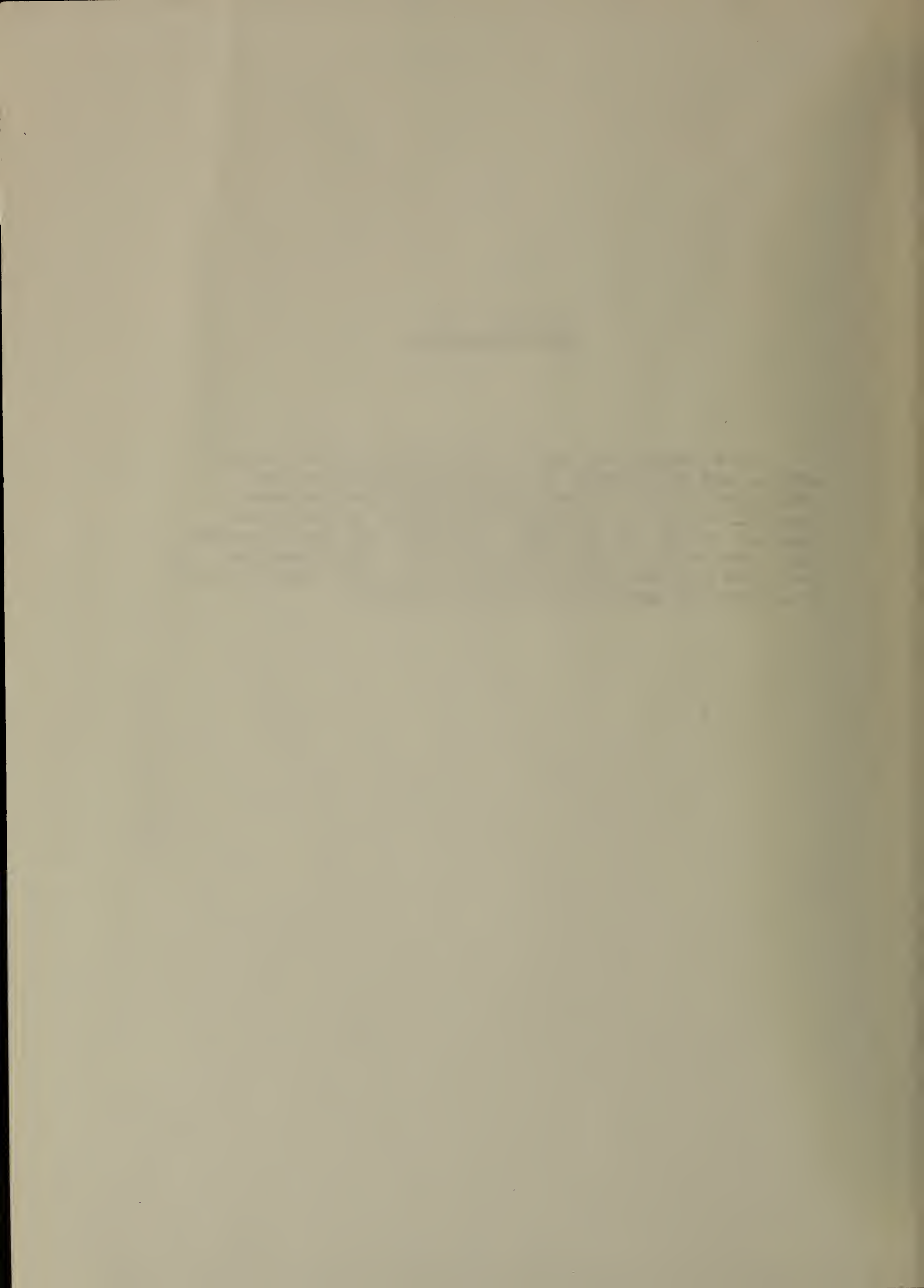
Paula W. Gold, Secretary





## Acknowledgments

This report was edited by Merry Duffy with the advice and assistance of the senior staff of the Executive Office of Consumer Affairs and Business Regulation and of the agencies in the Secretariat. Special thanks go to Steve Blanchard and Paul Horwitz for substantial contributions to the report and to Patricia Salerno and Jean Powers for their patient and consistently excellent clerical support.

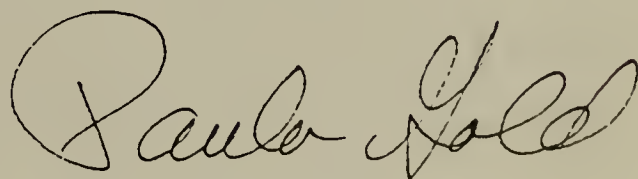


## FORWARD

The Executive Office of Consumer Affairs and Business Regulation has oversight responsibility for nine agencies and twenty-eight licensing boards which set standards for most of the regulated industries and licensed trades and professions in Massachusetts. It coordinates policy and budgetary planning and provides support for the agencies' legislative and press activities. The office also directs comprehensive efforts involving multiple agencies or major policy issues such as the reform of the state's medical malpractice insurance system. In addition, the Executive Office serves the public directly with information, education and arbitration services.

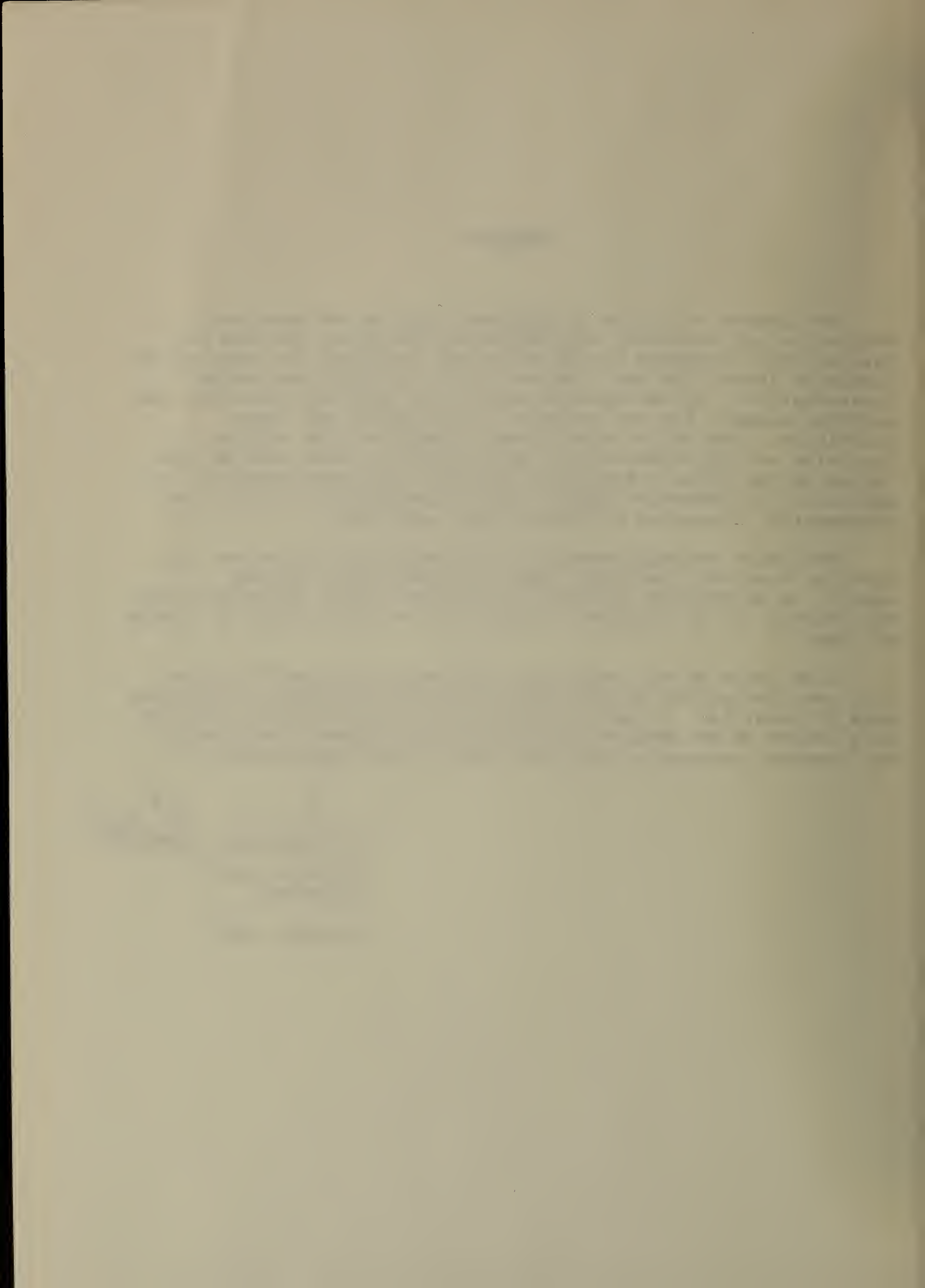
The major accomplishments of the Executive Office and its agencies over the last four years are summarized in this report. A Secretariat Directory provides a brief description of each agency and a telephone listing for the individuals in charge of them.

I am proud of the record of achievement outlined in this four-year review and of the hard work and commitment of those who made it possible. I look forward to the opportunity to build on this record as we continue to develop and implement regulatory and consumer protection policies that are workable and fair.



Paula W. Gold  
Secretary

January, 1987





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## INTRODUCTION

The Executive Office of Consumer Affairs and Business Regulation oversees the activities of nine regulatory agencies, including twenty-eight licensing boards, to achieve two broad purposes: (1) to ensure that the public is protected from unfair and unsound practices in various areas of commerce, trade, and professional and health services; and (2) to foster a fair marketplace. The agencies which comprise the Secretariat are:

- Alcoholic Beverages Control Commission
- Board of Registration in Medicine
- Community Antenna Television Commission
- Department of Public Utilities
- Division of Banks
- Division of Insurance
- Division of Registration (made up of 28 separate licensing boards)
- Division of Standards
- State Racing Commission

The scope of the issues confronted by this diverse group of agencies is vast--ranging as it does from the problem of tightening restrictions on liquor licensees who serve minors, to issuing major insurance and utility rate decisions which affect millions of consumers. Although statistics can never tell the full story, perhaps the enormity of the ongoing regulatory task assumed by this Secretariat can best be suggested in numbers.

The agencies and boards of the Secretariat directly license or regulate over 800,000 individuals, businesses and other entities. Over 600,000 individuals, one person in five in the Massachusetts labor force, are licensed to practice by the Board of Registration in 41 different occupational fields; 146,540 insurance companies, agents and health maintenance organizations, collecting over nearly \$8 billion in annual premiums in Massachusetts, are licensed and regulated by the Insurance Division; 305 utilities and common carriers with over \$8 billion in combined annual revenues providing light, heat, power, telephone service and commercial transportation to customers throughout Massachusetts are regulated by the Department of Public Utilities; 12,500 liquor stores, bars, restaurants and wholesalers involved in the \$1 billion Massachusetts liquor industry are overseen by the Alcoholic Beverages Control Commission; 1217 state chartered banks and regulated lenders holding over \$80 billion in assets are regulated by the Division of Banks; and 8,734 individuals and businesses participating in the nearly \$1 billion a year racing industry are overseen by the State Racing Commission.

While figures may capture the scope of the Secretariat's influence, they cannot adequately measure its impact on individual lives. The success or failure of government regulation must always be assessed against standards of fairness which may be neither static nor one-dimensional.





Consumers look to government for complete and reliable information about the increasingly complex marketplace; business looks for prompt and responsive action and participatory government rulemaking. Both groups benefit from the imposition of fair "rules of the game" provided by evenhanded government regulation. Their interests tend to diverge around questions of degree. How much regulation is enough? Too much? The Executive Office of Consumer Affairs and Business Regulation has attempted to strike the balance between these sometimes opposing views in overseeing the work of its regulatory agencies, but that balance must be continually reassessed to account for the impact of new services, products and consumer expectations.

Technological advances and shifting federal regulation have produced a rapidly changing marketplace. The regulatory policies and goals of the Secretariat and each of its agencies have been reviewed and modified to reflect that new reality. Since assuming office in January 1983, Secretary Gold has sought to assess the dramatic changes in the industries and professions whose regulation she must oversee, to ensure that the state's regulatory policies keep pace with those changes. Early in her tenure, she convened a hearing to review the rapid changes in the financial services industry and the implications of those changes for government regulatory agencies. At that time she stated, "In my view, there is no reason for regulators to be wedded to any particular system of delivery of financial services to the public . . . The only constant should be the protection of the consumer which can and should adapt to a changing marketplace."

Since 1983, many of the state's regulatory policies have been the subject of thorough reassessment. In some cases, research and study have led to major legislative reform; in others, to administrative improvement; and in still others, to regulatory change. Some examples of this evaluation process include:

- ° The Secretary's Advisory Committee on Medical Malpractice gathered information from the many interest groups involved in this complex issue and assessed a wide variety of proposals to improve the medical malpractice insurance system. The Committee's findings were helpful in the development of the Governor's legislative proposal on malpractice reform which was enacted into law in the summer of 1986.
- ° In December 1985, after a year of study, Secretary Gold issued a report which provided an overview of the 28 professional licensing boards which make up the Division of Registration - "Regulation of Professionals in Massachusetts: Current Experience and Future Directions." The report contained a package of recommendations for upgrading the boards and improving their performance. As a result, legislation containing many of these recommendations has been proposed.

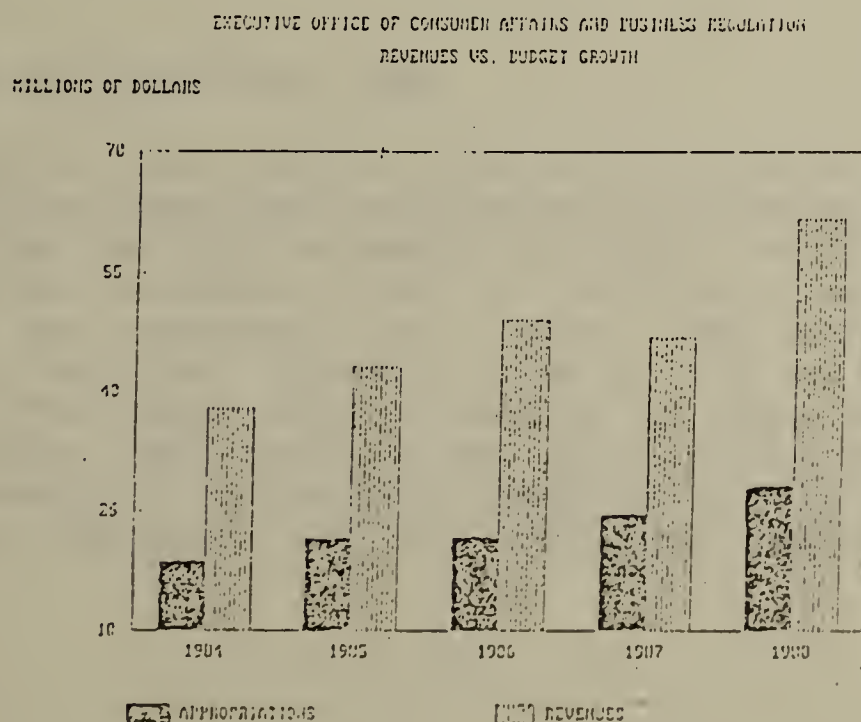




- ° After a two-year study of consumer protection problems in the cable field, including the work of an advisory committee, the Cable Television Commission promulgated regulations to create uniform state-wide standards for billing and termination of cable services.
- ° Comprehensive studies on the integrity and vitality of the horse racing and greyhound racing industries in Massachusetts have lead to significant changes in the laws governing those industries. Changes in the tax laws specific to racing have resulted in reductions in the state's share of the "takeout" (that part of the total amount wagered which does not go back to the bettors). This amount has been reallocated to special trust funds established to improve racing facilities and to promote the sport.
- ° Responding to the increasing problems encountered by businesses, nonprofit organizations, and municipalities in securing adequate insurance coverage, Secretary Gold chaired the Governor's Task Force on Liability Issues which made its recommendations to Governor Dukakis in December, 1986.

Through comprehensive analysis of the kind summarized above and by incremental improvement, the Executive Office of Consumer Affairs and Business Regulation and the agencies of the Secretariat have moved to improve government regulation in a changing marketplace. They have done so, over the last four years, while operating at budget levels which allowed for little or no expansion.

The chart below compares the total appropriations for all the regulatory and licensing agencies with the amount of revenue collected by those agencies. It shows both total budget and revenue increasing steadily during the last four fiscal years. Further increases are projected by the FY88 figures. (The odd-year decreases in revenue amounts occur because many license renewals are processed only every two years.) While the overall budget figures show no significant expansion over the period, substantial increases in revenue have been realized through administrative and managerial improvements.







Each regulatory and licensing board has a different history and structure, a different mission and approach. A brief description of the agencies and of the Executive Office and a directory of the individuals who head them begins on page 17. Each of these agencies, as well as the Executive Office, has recorded major accomplishments over the last four years. This review does not document the totality of these efforts, but rather presents highlights of achievement in four categories: legislative accomplishment; regulatory highlights, consumer assistance initiatives and administrative improvements.

## LEGISLATIVE ACCOMPLISHMENTS

The major legislative accomplishments of the last four years suggest the wide range of regulatory issues which fall within the purview of the Executive Office of Consumer Affairs and Business Regulation. Since nearly anything which affects the health, safety or rights of the Massachusetts consumer could be of concern to the Executive Office, the Secretary must constantly set priorities in determining which problems require a legislative remedy. The legislative achievements summarized below suggest both the depth of the effort required to address some of the Commonwealth's most troubling consumer problems, such as medical malpractice insurance, and the scope of the possible topics from which governmental priorities must be drawn. They also reflect the commitment of the Legislature to seek creative and workable solutions to complex governmental issues.

### Safe Driver Insurance Plan July 1983

The Safe Driver Insurance Plan, required as part of the Automobile Insurance Reform Act passed in July 1983, provides an incentive to encourage motorists to operate their vehicles more cautiously by allowing the Commissioner of Insurance to set lower insurance rates for good drivers and higher insurance rates for bad drivers. By 1986, the Plan had produced a maximum good driver credit of \$60 as compared to the \$25 credit under the former Merit Rating Plan it replaced in 1983.

### Ban on Balance Billing July 1984

A fundamental part of the Blue Shield system since 1941, the ban on balance billing requires participating physicians to accept Blue Shield's set fees as full payment for their services. When the ban, which had been an essential tool in containing health care costs in Massachusetts, was endangered by a March 1984 decision by the U.S. District Court, Governor Dukakis filed a bill to make the ban a part of state law. The legislation, enacted in July 1984, established the clear state policy that doctors who participate in the Blue Shield program must accept Blue Shield's payment as their full reimbursement and cannot bill consumers for any additional amount.





## Thrift Institutions Fund for Economic Development January 1985

On January 8, 1985, Governor Dukakis signed into law chapter 485 of the Acts of 1984. This action granted savings banks, cooperative banks, and savings and loan associations in Massachusetts tax parity with commercial banks. A major element of the tax parity legislation was the agreement of more than 275 "thrift institutions" throughout the state, to participate in and contribute to a centrally administered \$100 million lending pool to be invested in economic development and job-generating projects across the Commonwealth over a ten-year period. Since the Fund's formation, Secretary Gold has served as its elected Chairman.

As of December 1986, the Fund had 43 active projects which constitute a commitment of \$28.2 million. Twenty-six loans totaling \$18.3 million had closed. It is expected that the 43 projects will result in the creation of 1700 new jobs and the retention of some 3400 others statewide.

## Generic Drug Law April 1985

Massachusetts' generic drug law was originally enacted in 1970 and strengthened in 1976 to promote the use of cost-saving generics. In 1985, Secretary Gold supported legislation to make substitution of generics more available as a practical alternative to higher-priced, brand name drugs. The amended Generic Drug Law made a simple change in the prescription form which calls for generic substitution unless the doctor expressly writes the prescription instructions to the pharmacist to dispense the brand name.

## Seat Belt Law October 1985

Secretary Gold and her staff worked in cooperation with the Executive Office of Public Safety to secure passage of legislation to require use of seatbelts by Massachusetts drivers and passengers. The law was overturned as a result of a referendum during the 1986 election.

## Horse Racing Law December 1985      Greyhound Racing Law July 1986

In May 1985, the Advisory Committee on Racing, appointed by Secretary Gold, issued a report on the status of the racing industry in Massachusetts. The report recommended extensive legislative changes to stimulate growth in that industry.

As a result of this report, the Legislature passed and the Governor signed a racing bill in December 1985, aimed at improving the quality of racing horses and racing facilities in order to increase attendance and protect jobs and state revenue by: 1) reducing the state's share of the takeout and earmarking the proceeds of such reduction to fund higher purses, fund a newly created promotional





trust and supplement the existing capital improvements trust and 2) encouraging the industry to raise handles and attendance by means of an "incentive tax cap."

The horse racing bill also established a Special Commission on Greyhound Racing which issued a report on the status of that part of the racing industry in May 1986. As a result of the Commission's recommendations, a bill was passed and signed into law in July 1986, to stimulate growth in the greyhound racing industry by again reducing the state's share of the "takeout" amount and reinvesting the monies in funds established to improve and promote the industry.

#### Lemon Law December 1985.

The Lemon Law, passed in October 1983, promised substantial remedies for consumers with new car problems. The law provided that consumers who purchased a motor vehicle after January 1, 1984, were entitled to a refund or replacement if the car had serious defects which could not be repaired after a reasonable number of repair attempts. Secretary Gold was responsible for implementation of the law which provided for voluntary arbitration to be a key factor in resolving lemon law claims. However, automobile manufacturers never took the necessary steps to permit voluntary arbitration to work.

When it became apparent that voluntary arbitration was unsatisfactory, Secretary Gold helped develop an amended version of the Lemon Law to correct the situation. Under the revised law, passed in December 1985, car manufacturers must submit to state-run arbitration if the owner of the defective vehicle requests it within 18 months of delivery. The arbitration program, overseen by the Executive Office of Consumer Affairs and Business Regulation includes hearings conducted by a professional arbitrator from the American Arbitration Association.

#### Stronger Dig Safe Law - January 1986

The Dig Safe Law requires contractors and other parties to notify utilities via a central telephone service before beginning to excavate in order to avoid potentially dangerous accidents or damage to utility lines. The strengthened law, signed by the Governor in January 1986, empowers the Department of Public Utilities to impose fines for violations. The new law should greatly improve gas safety in the Commonwealth since Dig Safe violations are the largest single cause of gas accidents in the state and should also save ratepayers money, since damage to underground pipes, electric wires, and telephone cables eventually is paid for by consumers of those services.



## Medical Malpractice Reform Law July 1986

The comprehensive medical malpractice bill, signed by the Governor on July 23, 1986, helped to stabilize the state's health care delivery system, which had been jeopardized by skyrocketing malpractice insurance premiums for doctors. At the same time, it has helped to ensure increased protection and fair compensation for malpractice victims. The Governor's original proposal, filed in October 1985, resulted from a year of research and work by Secretary Gold's Advisory Committee on Medical Malpractice. The final bill included significant reforms in each of the three areas identified in that original legislation: tougher policing of doctors to reduce the incidence of malpractice; changes in the compensation system to ensure a fairer and more affordable system for victims of malpractice; and improvements in the management of the malpractice insurance system.

The law also gave significant new responsibilities to the Board of Registration in Medicine. The Board will be the central repository for the malpractice data which the law requires insurance companies, courts, government agencies, professional organizations and hospitals to report. It also enhances the Board's disciplinary authority by granting the Board investigatory subpoena power and the right to order physical and mental examinations and specify criteria for restricting physicians from performing certain procedures. Finally, the law establishes within the Board, a Patient Care Assessment Unit to provide technical assistance in the development and implementation of risk management and quality assurance programs. Physicians, hospitals and nursing homes will be required to participate in these programs as a condition of licensure.

## Item Pricing Law December 1986

The new item pricing law will clarify the rules regarding "item pricing" and strengthen their enforcement. Similar to existing guidelines set by the Office of the Attorney General, the law will still require that most items sold by food stores and food departments carry a price mark. Compliance with the previous item pricing regulations was unsatisfactory, because some stores were aware that enforcement required lengthy court proceedings.

Under the new law, inspectors from the Division of Standards, who already visit food stores to check scales, will check for item pricing violations as well. Such violations will carry fines of \$100 each. This change in item pricing toughens enforcement, while allowing for realistic flexibility leading to better compliance. Strengthened "item pricing" standards will benefit Massachusetts consumers by providing an important tool for comparison shopping and for preventing overcharging.







## REGULATORY HIGHLIGHTS

Regulations promulgated and regulatory action taken by the agencies also reflected the effort to adapt regulatory policy to changing conditions in the marketplace.

### Happy Hour Ban--ABCC

In 1984, Massachusetts became the first state to ban Happy Hours and other practices which promoted greater consumption of alcoholic beverages within short time periods. The regulations, administered by the Alcoholic Beverages Control Commission, prohibit practices such as the offering of free drinks and the delivery of more than two drinks to one person at one time, and were adopted as part of an effort to curb drunk driving. Since their adoption here, 28 other states have approved some version of the Happy Hour Ban.

### Auto Insurance Rates--Insurance

In the past five years, insurance companies have requested average rate increases ranging from 8 to 36 percent. Because of fewer auto thefts, more seatbelt use, lower inflation, better driving habits and other factors, the Division has been able to hold rate increases to a third or less of the industry's requests. In 1985 and 1986, the Division reduced rates.

### Truth in Savings Disclosures--Banking

Federal deregulation of the banking industry has led to a whole range of new savings options that potentially confuse consumers whose prior experience with bank savings accounts may have been limited to passbook accounts at regulated rates. To address this profound change, the Legislature authorized the Division of Banks to promulgate Truth-in-Savings regulations in July, 1985, to require disclosure of information required for effective consumer evaluation of these new savings options in understandable form. Banks must now disclose, on all accounts, both the frequency of compounding and frequency of crediting interest. Minimum balances required to earn interest and any fees levied on inactive accounts must be disclosed in advance as well. In the term deposit area, banks must disclose the specific penalty for early withdrawal. Moreover, the regulations ensure that the form of the disclosures will permit consumers to compare the characteristics of various accounts when considering a savings vehicle.

MEMORANDUM FOR THE RECORD

TO : THE SECRETARY OF THE ARMY  
FROM : THE CHIEF OF STAFF  
SUBJECT: [Illegible]



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RECOMMENDATION

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CONCLUSION

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## Federal Deposit Insurance--Banking

In the spring of 1985, state-insured banks in Ohio and Maryland underwent serious difficulties due to their lack of federal insurance and the inadequacy of their state insurance funds. Although privately-insured Massachusetts thrift institutions were in a substantially stronger position, there was a concern with the public perception that Massachusetts institutions needed federal insurance. In response to this need, the Division of Banks worked with the FDIC, the Federal Home Loan Bank, other federal agencies, the private insurance funds and over 200 state-chartered thrift institutions to voluntarily move those banks into a federally insured status. A major effort, extending over several months, was required to have each of those banks examined and accepted into the federal insurance programs on an expedited basis. Moreover, this undertaking had to be accomplished without fanfare or virtually any publicity in order to avoid the risk of precipitating public reaction against those institutions which had not yet obtained federal insurance. As a result, every Massachusetts state-chartered savings bank and cooperative bank now has federal insurance, or approval of its application is pending.

## Consumer Protection Regulations--Cable TV Commission

After a two-year study of consumer protection problems in the cable field, the Cable TV Commission promulgated regulations in the summer of 1986 to ensure that cable subscribers are given concise, specific information about the range of cable services available to them and the costs of those services. The regulations also require that cable operators set up a process for investigating and resolving subscriber complaints.

## Diversifying Power Supplies--Department of Public Utilities

The Department of Public Utilities (DPU) issued new regulations governing sales of electricity to electric utilities by cogenerators and small power producers. These alternative power supplies will provide less expensive and more reliable sources of electricity. The DPU will monitor the new bidding process to ensure that each annual solicitation of power from small power producers and cogenerators is successfully completed by the regulated utilities. The development of these alternative power sources forms the cornerstone of the Commonwealth's energy policy.

## New Regulatory Standards--Department of Public Utilities

During the past three years, the DPU has reviewed the appropriate scope and degree of regulation to be applied to each industry and has established fair, consistent, and clearly enunciated standards. For instance, the DPU successfully managed complex rate issues resulting from the divestiture of New England Telephone from AT&T and has



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introduced competition in and between the 413 and 617 area codes in Massachusetts. To encourage the efficient use of electricity and reduce the need for large plant capital expenditures, the DPU has issued regulations to encourage use of alternate energy sources and cogeneration; instituted time-of-use pricing for most companies; and required cost-based pricing to send accurate price signals to users.

#### Patient Protection Regulations--Board of Registration in Medicine

A number of regulations promulgated by the Board of Registration in Medicine will make long-term improvements in the protection of patients. New risk management regulations, requiring the establishment of comprehensive "Patient Care Assessment" programs to prevent and identify substandard medical care, are the most comprehensive regulations of this sort in the nation. To improve the exchange of disciplinary data among the states, the Board's designated agency regulation allows the release of information at the investigative stage to designated law enforcement agencies and other state medical boards. The continuing medical education regulation requires physicians to accumulate credits for studying malpractice prevention. The foreign medical graduate regulations institute tighter requirements for practicing in this state in response to concerns about the inadequacy of some foreign medical schools. Finally, the advertising regulations expand upon the physician's right to advertise while providing safeguards against deceptive advertising.

### CONSUMER ASSISTANCE INITIATIVES

#### EXECUTIVE OFFICE

The Executive Office of Consumer Affairs is entrusted with the responsibility of promoting consumer rights in the Commonwealth including: the right to a decent and safe product; the right to be informed; the right to choose knowledgeably; the right to be heard and advised of rights and remedies; and finally, the right to know how to avoid being defrauded by unscrupulous persons. Although each of the agencies in the Secretariat performs consumer assistance and public educational services regarding the specific business or industry which it regulates, the Executive Office provides this service on a broad range of consumer issues.

The consumer assistance programs of the Executive Office include the following:

#### Consumer Information Office

Handling roughly 100 calls a day from all over the state, the Consumer Information Office provides information and referral services to the public on virtually any consumer topic. The Office has adopted

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a self-help approach which requires the consumer to take steps to resolve the problem with the assistance of trained advisors. The Office produces and distributes some two dozen different pamphlets explaining consumer rights and remedies on issues as diverse as landlord/tenant problems, electric blankets, smoke detectors, home improvements, telephone service, auto repair and health clubs. In addition, the Office helps to compile and distribute the Consumer Resource Guide, a booklet which lists organizations which assist and inform consumers.

### Public Information Surveys

The Executive Office conducts surveys on many topics and publicizes the results to educate consumers and to encourage a more competitive and safer marketplace. The surveys tend to draw attention to a problem area which may need regulatory attention or may simply require careful shopping. (One finding of the consumer survey staff resulted in savings of three-quarters of a million dollars for consumers who heeded a warning that they might have been erroneously charged the higher summer rates in their electric bills.) Over the last four years, major surveys have provided information on the following topics:

- ° Drug store overcharging--advertised sale items were not marked as such and overcharging resulted;
- ° Rainchecks--survey found that nearly 50 percent of rainchecks given when sale items were unavailable, were not honored;
- ° Credit card rates--survey of different rates offered for credit cards by area banks;
- ° Long distance phone rates--survey of rates offered by different companies as a result of deregulation of phone service;
- ° Freshness dating--information about differences in practices among area supermarkets in regard to freshness dating of meat and poultry.

### Lemon Law Arbitration Program

The Executive Office oversees the new Lemon Law Arbitration Program which allows consumers who have purchased seriously defective new motor vehicles to request a hearing before an impartial arbitrator. Consumers who are successful in arbitration are awarded new cars or full refunds. Besides providing information to car owners who suspect that they may have a lemon on their hands, the staff of the arbitration program runs a free training program for the volunteers who sit as arbitrators under the auspices of the American Arbitration Association.



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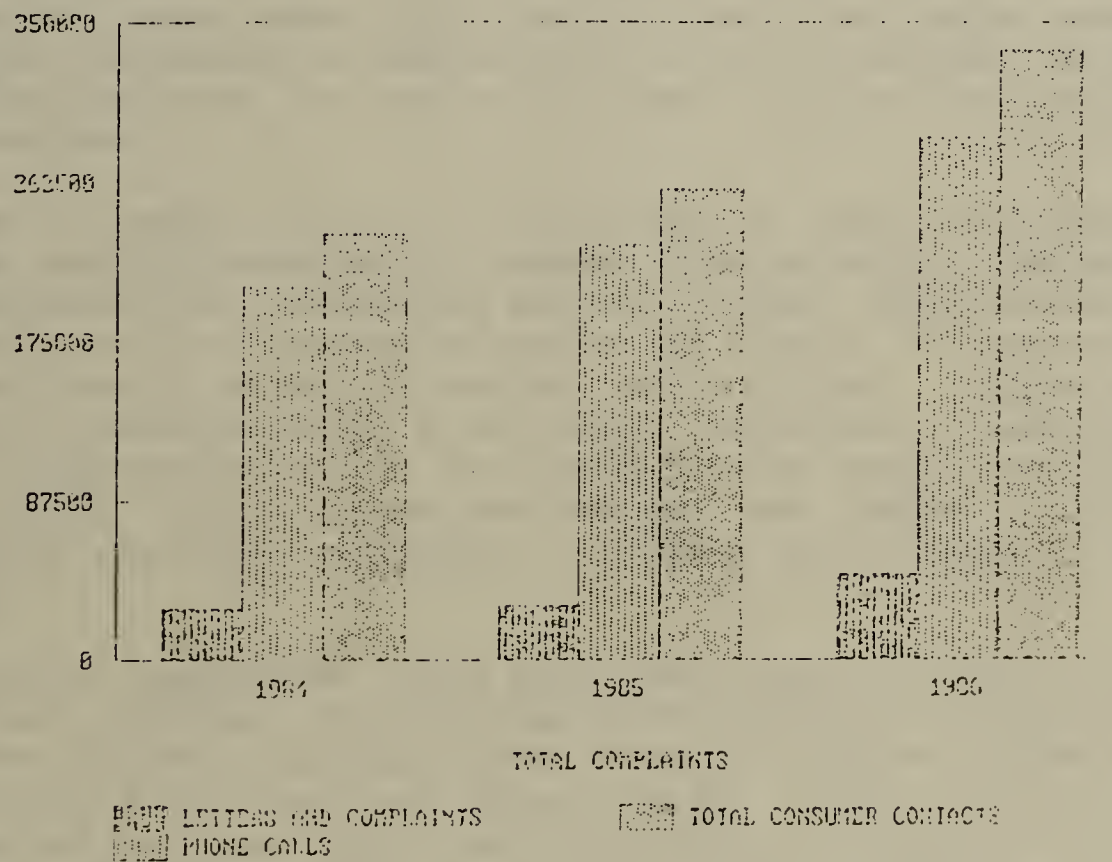


As of October 31, 1986, 474 requests for arbitration had been processed of which 371 were accepted. Ninety of those cases were withdrawn prior to hearing, in most instances because they had been settled. A total of 230 decisions had been rendered in which consumers won 161 of the cases (70 percent) and manufacturers won 69 (30 percent). Consumers received a total of \$650,000 in awards as a result of the arbitration process. Appeals have been filed in approximately 20 of the cases decided for consumers.

### OTHER AGENCIES

All of the agencies of the Secretariat provide consumer assistance and education services as part of their ongoing responsibility. The chart below depicts the increase in those contacts--Secretariat wide--over the last three years.

EXECUTIVE OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION  
CONSUMER INFORMATION OFFICE CONTACTS



### Complaint Resolution

Most of the agencies in the Secretariat have made a concerted effort to improve their capacity to handle consumer complaints.

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- ° **Department of Public Utilities** - The DPU has offered phone assistance and publications in Spanish and Portuguese for many of the almost 100,000 residential consumers who call annually with questions and problems concerning utility companies. Consumer inquiries and complaints relative to Hurricane Gloria in 1985 helped the DPU identify problems with storm preparation plans and with the emergency response time of a company whose customers were without power for up to a week after the storm. The DPU investigation resulted in an order requiring increased communication between the company and local officials, and revision of its emergency plan to assist all customers and to insure special protection for the physically disabled.
- ° **Board of Registration in Medicine** - The Board has made many improvements in its Disciplinary Unit including computerization of the entire disciplinary process through its Disciplinary Docket Tracking System. In addition, the Board has sponsored two regional conferences for the ten New England and mid-Atlantic states to exchange information about improvements in disciplinary and licensing procedures.
- ° **Cable TV Commission** - Since January 1984, the Cable TV Commission has handled more than 3,600 complaints from cable subscribers. With the Commission's assistance, over 95 percent of the complaints related to cable billing, service and installation have been resolved.
- ° **Division of Registration** - The Division has instituted new policies and procedures to ensure the accurate computerized documentation and recording of all formal complaints. The Division has also become a member of CLEAR, a nationwide organization of state licensing authorities. CLEAR is in the process of establishing a national complaint clearinghouse in an effort to coordinate the availability of complaint histories. During FY85, the Division documented and logged 2,239 formal complaints onto the computer; in FY86, the number of complaints was 2,829.
- ° **Division of Insurance** - The Consumer Service Section features a modernized physical plant, now with updated equipment and a new telephone system. It has been able to handle approximately 220,000 calls in the last three years. The Division's new Enforcement Section has also protected the public by revoking a number of agent licenses for violation of consumer protection laws and has recovered tens of thousands of dollars in fines paid to the Commonwealth.

#### Public Education

- ° **ABCC** - The Alcoholic Beverages Control Commission has played a significant role in the Governor's statewide effort to stop drunk driving. Working in cooperation with the Department of Public Safety and the Governor's Highway Safety Program, the ABCC has







stepped up its enforcement of the laws forbidding sale of liquor to minors; adopted and publicized its regulations regarding the ban on Happy Hours; and participated in Operation Last Call, an enforcement program aimed at reducing instances where intoxicated patrons continue to be served. In addition, the Chairman of the ABCC has regularly participated in seminars held by the Governor's Highway Safety Agency designed to educate and inform local licensing authorities and licensees.

- ° Division of Standards - As part of its effort to reduce fraud in the sale of home heating oil, the Division has conducted statewide seminars for local Weights and Measures officials. These officials have also increased their inspections which has helped to produce the dramatic drop in consumer fraud in the sale of fuel oil over the last few years.
- ° Division of Banks - The Division's Shopper's Credit Guide is the most comprehensive source of consumer credit information available. During the last three years, it has been improved in the following ways: expanded to cover Central and Western Massachusetts (January 1984); split into two publications, one for mortgage information, the other for personal and car loans, (July 1984); rewritten into a new format and produced on a monthly or bi-monthly schedule depending on the area (September, 1985) and recently extended to a weekly basis for the Greater Boston Area (June, 1986). In addition, staff of the Consumer Assistance Office have worked with some of the largest banks to improve services offered to visually impaired consumers. The Division has actively promoted a School Bank program to teach students about financial management and also offers a program to teach senior citizens to protect themselves from fraud.

## Economic Recovery

A complaint from a single customer to the Consumer Division of the Department of Public Utilities resulted in refunds of almost \$2.6 million for customers of New England Telephone Company and AT&T Communications. Although this is an unusual example because the amount of the refunds is so high, consumer assistance units in the other regulatory agencies have had major successes in recovering funds for consumers:

- ° The Division of Insurance reports that intervention by its Consumer Service Section has resulted in the recovery of \$1.5 million for consumers over the last three years.
- ° The Banking Division's Consumer Credit Section and Consumer Assistance Office have recovered refunds for consumers totaling nearly \$1.65 million during the same period.



- ° The Division of Standards has returned over \$500,000 in the form of rebates to consumers as a result of its stepped-up investigation of fraud in the sale of home heating oil. The Department of Public Utilities has ordered refunds to consumers of \$20 million resulting from imprudent actions by electric utilities in managing and operating their power plants.

## ADMINISTRATIVE IMPROVEMENTS

Though less apparent to the outside world, the agencies' many administrative improvements are no less important than their more visible accomplishments. In fact, in many cases they have enabled the agencies to achieve new levels of effectiveness and responsiveness.

Nearly every agency charged with licensing responsibility has moved over the last three years to streamline and automate that procedure. The Division of Registration, responsible for the licensure of over 600,000 professionals, has installed an IBM SYSTEM 36 and thirty terminals to maintain records and track the continual updating of licenses and to maintain the multiple databases related to licensing and revenue collection. With this automated system, the Division has introduced a production schedule for the mailing of licenses and license renewal applications. In addition, the Division is now able to track delinquent renewals. A campaign to bring licensees into compliance was developed in the spring of 1985, beginning with the Board of Registration of Hairdressers. Notices were sent to 3,361 delinquent salons. Of those salons notified, 2,700 delinquent licensees responded. Subsequent campaigns have resulted in bringing licensees into compliance with the Massachusetts General Laws and the rules and regulations of the individual boards.

The State Racing Commission has computerized its files, particularly the filing and issuing of 10,000 annual occupational licenses and the filing of some 1,000 annual fines and suspensions. The Racing Commission can now interface with the computer of the National Association of State Racing Commissioners and receive up-to-date information on all licensees.

The Board of Registration in Medicine has computerized the entire disciplinary process through a Disciplinary Docket Tracking System and the licensure process through a Licensing Application Monitoring System.

The DPU has computerized the over \$3 million per year licensing and fee collection functions of the Commercial Motor Vehicle and Rail and Bus divisions. The DPU has also developed a computer hookup which allows for identification of patterns of problems in utility companies and has helped resolve them more quickly.







The Insurance Division has greatly improved the process by which drivers may appeal surcharges on their auto insurance. In 1983, drivers had to wait as long as two years to get a hearing before the Board of Appeal to consider whether their insurance company was justified in imposing a surcharge. Despite a 14 percent increase in the number of appeals filed, the Division has cut the wait to only six months. Most drivers now get their hearing before their surcharge payment comes due. The backlog of pending cases has been cut from 25,000 to 6,000.

In the Division of Standards, computerization of all field work performed in towns under 5,000 in population has resulted in better management of the Division's responsibility for testing commercial weighing and measuring devices.

In other administrative improvements, at least three agencies have formed new units to improve their performance. The Division of Insurance has created a new Health Policy Section which has been very active in cost containment, utilization review and prepaid plan areas. The new unit oversees licensure of the prepaid plans (HMO's, PPO's, etc.) which are the fastest growing part of the health care market.

The Division of Registration has added a legal department to assist each Board in ensuring that all aspects of due process are observed in disciplinary hearings. The legal department has maximized the Division's ability to ensure consistent protection of consumers, as well as safeguarding licensees from the effects of false allegations.

The Board of Registration in Medicine has expanded its Disciplinary Unit with additional staff as well, and has created a Patient Care Assessment Unit to help implement risk management and quality assurance programs and a Repository/Data Management Unit to handle its new role as the central repository for all malpractice data.

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## SECRETARIAT DIRECTORY

JANUARY, 1987

### EXECUTIVE OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION,

Paula W. Gold, Secretary

Sarah E. Wald .....	Assistant Secretary
Jacques C. Leroy .....	Assistant Secretary
Timothy H. Gailey .....	Assistant Secretary
Patricia A. Lynch .....	General Counsel and Legislative Liaison
Joy Kahlenberg Fallon .....	Counsel
Stephen Blanchard .....	Fiscal Director
Paul Horwitz .....	Special Assistant to the Secretary
Merry Duffy .....	Press Secretary
Dorothy Nichols .....	Assistant Press Secretary
Paul Romary .....	Special Assistant for Medical Malpractice
Edgar N.M. Dworsky .....	Director of Consumer Education
Joanne Aylward .....	Lemon Law Director
Ellie Stoddard .....	Director, Office of Consumer Information

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The fundamental purpose of this Secretariat is to ensure that the regulatory agencies under its supervision protect the public from unfair and unsound practices in various areas of commerce, trade, and professional or health services. It coordinates policy analysis and planning for the the nine agencies under its supervision.





The Secretariat also serves the public directly with information, education and arbitration services. Its efforts in these areas have focused on the following:

Publications: The Executive Office produces and distributes publications explaining consumer rights and remedies on issues ranging from landlord/tenant problems to auto purchase and repair. It also helps to compile and distribute the Consumer Resource Guide, a booklet which lists organizations which assist and inform consumers.

Public Information Studies: The Executive Office conducts surveys on many topics of interest to consumers. Recent studies include: comparison of long distance telephone company rates; bank fee surveys; availability of advertised items; drug store price accuracy freshness dating of meat and poultry; and compliance with notice posting requirements under the Lemon Law. The purpose of these surveys is twofold: to educate consumers and to encourage a more competitive and safer marketplace.

Consumer Information Office: This office provides information and referral services to the public on virtually any consumer topic. Callers are informed of their rights and options and are directed to the appropriate agency if further investigation is required.

Consumer Line: 727-7780

Lemon Law Arbitration Program: This program allows consumers who have purchased seriously defective new motor vehicles to request a hearing before an impartial arbitrator. Consumers who are successful in arbitration are awarded new cars or full refunds.

Lemon Law Arbitration Line: 727-4061

Legislation: Legislation is another important element in consumer protection. The Secretariat supports legislation which safeguards the public while encouraging economic expansion in a competitive marketplace. Major legislative achievements have included medical malpractice reform to alleviate the medical malpractice insurance liability crisis; Lemon Law; the mandatory Seat Belt Law; an improved Generic Drug Law which encourages doctors to prescribe less expensive generic drugs; and racing legislation designed to improve the quality of dog and horse racing in the state.

Following is a description of the nine regulatory agencies within the Secretariat.





ALCOHOLIC BEVERAGES CONTROL COMMISSION George R. McCarthy, Chairman

The Alcoholic Beverages Control Commission is responsible for the administration of the manufacture, import, export, storage, transport quality, and sales of all alcoholic beverages in Massachusetts. The Commission may grant, suspend or revoke liquor licenses and permits of manufacturers, wholesalers, warehouses, shippers, taverns and bars, restaurants and hotels, package stores, chartered clubs and pharmacies.

The Commission has also played a key role in the campaign against teenage drinking and the purchase of liquor by minors, including an extensive educational media effort to address teenage alcohol abuse. Through a cooperative effort with the Registrar of Motor Vehicles, there are new and stricter security measures concerning the issuance of duplicate drivers' licenses. In addition, the Commission has promulgated a regulation to ban "Happy Hours" and other practices which promote greater consumption of alcoholic beverages within short time periods.

Administrative Line: 727-3040

BOARD OF REGISTRATION IN MEDICINE Barbara Neuman, Executive Director

The Board of Registration in Medicine is a separate state agency, with its own budget and staff. It is responsible for ensuring that doctors who are licensed in Massachusetts are properly qualified and that doctors who violate the law are disciplined. Major improvements at the Board of Medicine have been aimed at licensing of foreign-trained doctors; making disciplinary activities more efficient and expedient; and computerizing and streamlining the licensing process. As a result of recent legislation, a committee of the Board will license acupuncturists. Under the newly-enacted Medical Malpractice Law, the Board will have additional enforcement powers and a new Risk Management Unit.

General line and licensing questions: 727-3086

Disciplinary Unit/Complaints: 727-1788

COMMUNITY ANTENNA TELEVISION COMMISSION Rosalind A. Niles, Chairman

The Commission oversees cable television activities in the Commonwealth. The local municipalities may grant cable licenses, but the Commission has the authority to revoke or suspend the license if there were improprieties in granting the license or if the licensee had failed to conduct business properly. The Commission has also been very active in local cable programming. In response to this new function, the Commission publishes a local programming newsletter, Cablestate, and sponsors awards for excellence in community programming. The Commission issues regulations to protect cable subscribers including recent rules regarding security deposits and billing and termination practices.

Administrative Line: 727-6925



DEPARTMENT OF PUBLIC UTILITIES Paul Levy, Chairman

The Department of Public Utilities regulates the rates and practices of the state's utilities--electric, gas, water and telecommunication companies, as well as bus companies, commercial motor vehicles and, to a limited extent, railroads. The Department of Public Utilities also enforces the recently strengthened Dig Safe Law, which requires contractors and other parties to notify utilities before beginning to excavate. The Consumer Division handles complaints, including billing and termination practices of utility companies.

Consumer Line: 727-3531 (Toll Free #1-800-392-6066)  
Administrative Line: 727-3500

DIVISION OF BANKS Paul E. Bulman, Commissioner

The Division of Banks regulates, supervises and audits state-chartered trust companies, savings banks, cooperative banks, credit unions, finance companies and collection agencies. The Division of Banks also grants charters and approves branches, acquisitions and mergers of its financial institutions. It promotes the public interest by fostering the safety and soundness of financial institutions; by encouraging fair competition and reinvestment in the community; and by supervising small loan interest rate, credit, and savings transaction compliance. It also publishes a bi-monthly mortgage information report for consumers, which includes a guide to mortgage rates in four Massachusetts counties.

Consumer Line: 727-2102  
Administrative Line: 727-3145

DIVISION OF INSURANCE Peter Hiam, Commissioner

The Division of Insurance regulates all aspects of the insurance industry. It licenses more than 800 insurance entities, companies and health maintenance organizations and more than 100,000 insurance personnel. The Division also conducts financial examinations and audits of licensees, reviews rates and policy forms, and participates in rate setting.

Consumer Line: 727-3333  
Administrative Line: 727-3370

DIVISION OF REGISTRATION James F. French, Director

The Division of Registration oversees the 28 Boards of Registration which were created primarily to protect the health and safety of all consumers in Massachusetts. Each Board examines and licenses applicants, holds disciplinary hearings and establishes standards for professional conduct. A centralized Investigative Unit handles consumer complaints.



ORIGINAL ARTICLES

THE EFFECT OF THE VARIOUS FACTORS IN THE PRODUCTION OF  
THE ACUTE INFLAMMATORY REACTION IN THE  
MURINE PERITONEUM. BY DR. J. H. HARRIS, JR.,  
AND DR. J. H. HARRIS, JR., JR. (Continued from  
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The following occupations are licensed by the Boards:  
accountants, aestheticians, architects, athletic trainers, audiologists, barbers, chiropractors, dentists, dental hygienists, drinking water plant operators, embalmers and funeral directors, electricians, electrologists, professional engineers and land surveyors, gas fitters, hairdressers, health officers, landscape architects, nurses, nursing home administrators, occupational therapists, occupational therapist assistants, opticians, optometrists, pharmacists, physical therapists, physical therapist assistants, plumbers, podiatrists, psychologists, radio and TV technicians, real estate brokers and salespersons, sanitarians, social workers, speech/ language pathologists, veterinarians, and waste water treatment plant operators.

Administrative Line: 727-3076  
Consumer Line: Investigative Unit: 727-7406

DIVISION OF STANDARDS Donald B. Falvey, Director

The Division of Standards is responsible for setting standards and testing all types of weighing and measuring devices used in the sale of food, fuels, and other products. It determines standards for the accuracy and safety of all thermometers. The Division also governs the advertising and sale of motor fuels and sets standards for lubricating oils, anti-freeze and fuel oils, including the inspection of all fuel-dispensing pumps. It licenses hawkers and peddlers, motor fuel and motor oil dealers and auctioneers. The Division also enforces Unit Pricing Regulations.

Administrative Line: 727-3480

STATE RACING COMMISSION Gerald Venezia, Chairman

The Massachusetts State Racing Commission regulates all pari-mutuel activities in the Commonwealth. The Commission oversees thoroughbred, harness and greyhound racing; licenses all racing tracks and all owners, trainers, jockeys, veterinarians, blacksmiths and other agents and employees of the tracks. The Commission also hears all appeals from decisions of the Boards of Stewards or the Boards of Judges. The Commission is responsible for the enforcement of rules and regulations governing the security and protection of racing animals and the wagering public. It investigates complaints about business conducted at racetracks or racing fairs, especially when it involves the calculation of odds, payment of winnings, or integrity of specific races.

Administrative Line: 727-2581







